

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered into as of December 21, 2006, between the United States of America, acting through the United States Department of Justice and the United States Attorney's Office for the Eastern District of Pennsylvania, (collectively the "United States"), and North American Pet Products, Inc. ("NAPP"), Omega Pet Professionals, Inc. ("Omega") and Doane International Pet Products, LLC ("DIPP") through their authorized representatives. NAPP, Omega and DIPP are hereinafter referred to collectively as the "NAPP Group". The United States and the NAPP Group are hereinafter collectively referred to as the "Parties".

BACKGROUND

A. Prior to 1999, NAPP, a distributor and marketer of pet products was owned by Greg Dorin and Michael Thompson in equal shares. In 1999, NAPP and Doane Pet Care Company ("Doane"), headquartered in Brentwood, Tennessee, created DIPP.

B. At all times relevant to the matters set forth herein, Omega was legally owned by Dorin. Omega currently has no operations.

C. At all times relevant to the matters set forth herein, DIPP was owned legally one-half (1/2) by Doane and one-half (1/2) by NAPP, and NAPP's interest in DIPP was beneficially owned one-half (1/2) by Dorin and one-half (1/2) by Thompson. NAPP currently has no operations.

D. Following the creation of DIPP, NAPP and Omega applied for and received certain Marketing Assistance Payments ("MAP Payments") through a program sponsored by the United States Department of Agriculture ("USDA"), which payments were then utilized in connection with DIPP's business. During the years 2000 through 2002, NAPP received MAP Payments totaling approximately \$396,403. During 2002 and 2003, Omega applied for and received MAP Payments totaling approximately \$169,000.

E. The United States contends that the NAPP Group was not eligible for MAP Payments and that the applications for MAP Payments violated the False Claims Act, 31 U.S.C. §§ 3729-3733 (the "False Claims Act").

F. The NAPP Group and its respective owners, affiliates, officers, directors, members and employees deny that they knowingly violated the False Claims Act or any other federal or state statute or regulation.

G. This Agreement is neither an admission of liability by the NAPP Group nor a concession by the United States that its claims are not well founded.

H. To avoid the delay, uncertainty, inconvenience and expense of protracted litigation of the claims, the Parties reach a full and final settlement pursuant to the terms and conditions below.

TERMS AND CONDITIONS

1. The NAPP Group agrees to pay to the United States the sum of Seven Hundred Thirty Six Thousand Five Hundred Forty Three Dollars (\$736,543) (the "Settlement Amount"). The Settlement Amount will be paid by electronic funds transfer pursuant to written instructions to be provided by the United States Attorney's Office for the Eastern District of Pennsylvania. The electronic funds transfer shall be made within five (5) business days from the effective date of this Agreement.

2. In consideration of the payment of the Settlement Amount, the United States (on behalf of itself, its officers, agents, agencies and departments) agrees to release NAPP, Omega, DIPP, and their respective owners, affiliates, officers, directors, members, and employees (collectively, the "Released Parties") from any civil monetary claim the United States has or may have with regard to MAP Payments. This release shall become effective upon the payment of the Settlement Amount. This release shall include, without limitation, a release under the False Claims Act and under any common law theories, including without limitation, payment by mistake, unjust enrichment, or breach of contract.

3. This Agreement is intended to be for the benefit of the Released Parties only. The United States does not release any claims against any other person or entity.

4. Nothing in this Agreement constitutes an agreement by the United States concerning the characterization of the amounts paid hereunder for purposes of the Internal Revenue laws, Title 26 of the United States Code.

5. Each of the Parties to this Agreement shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

6. NAPP, Omega and DIPP represent that this Agreement is fully and voluntarily entered into without any degree of duress or compulsion whatsoever.

7. This Agreement is governed by the laws of the United States. The Parties agree that the exclusive jurisdiction and venue for any dispute arising

between and among the Parties under this Agreement will be the United States District Court for the Eastern District of Pennsylvania.

8. This Agreement constitutes the complete agreement among the Parties. This Agreement may not be amended except by written consent of the Parties.

9. The individual signing this Agreement on behalf of NAPP, Omega and DIPP represents and warrants he is authorized by NAPP, Omega and DIPP to execute this Agreement. The United States' signatories each represent that they are signing this Agreement in their official capacity and that they are authorized to execute this Agreement.

10. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.

11. This Agreement is binding upon NAPP, Omega, and DIPP and their respective successors, transferees, heirs and assigns.

12. All Parties consent to the United States' disclosure of this Agreement and information about this Agreement to the public

13. This Agreement is effective on the date of signature of the last signatory to the Agreement. Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Settlement Agreement.

UNITED STATES OF AMERICA

Dated: 12/27/06

By: Patrick L. Meehan
Patrick L. Meehan
United States Attorney


Dated: 12/27/06

By: Virginia A. Gibson
Virginia A. Gibson
Assistant United States Attorney
Chief, Civil Division


Dated: 12/27/06

By: Mary Catherine Frye
Mary Catherine Frye
Assistant United States Attorney


NORTH AMERICAN PET PRODUCTS, INC.

Dated: 12/24/06 By: 
Greg Dorin, President

OMEGA PET PROFESSIONALS, INC.

Dated: 12/24/06 By: 
Greg Dorin, President

DOANE INTERNATIONAL PET PRODUCTS LLC

Dated: 12/24/06 BY: 
Greg Dorin, President

Dated: 12/27/06 By: 
Larry T. Thrailkill
Counsel for NAPP, Omega and DIPP